

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	ORDER NO. D 05-04
VIRGINIA SURETY)	
COMPANY, INC.,)	CONSENT AND ORDER
)	TO PAY FINE
an authorized insurer.)	

FINDINGS OF FACT

1. The company experienced some rate filing deficiencies which were brought to the attention of the OIC.
2. In February 2003 it was brought to the attention of the OIC that the company had filed forms for a motor vehicle service reimbursement program without filing rates.
3. A review of 10 years of mechanical repair filings in this state revealed there had been no rates filed for any previous form filing. Virginia Surety Inc. ("Virginia Surety") maintains that it had complied with applicable state statutes by filing rates in Illinois, the principle place of business of the service contract providers.
4. From 1993 until this matter came to the attention of the OIC a total of 144,921 contracts had been written with a premium of \$63,752,523.
5. Without waiver of its position that previous filings in Illinois complied with applicable Washington statutes, the rates were subsequently filed and finalized in March 2004.
6. In an unrelated matter the company issued 31 policies with various violations of the insurance code.
7. Policy number RPL 1001166, effective 8/31/03 was issued prior to the rates being in effect.
8. On 3/13/02, Virginia Surety changed its name to Combined Specialty Insurance Company. It changed back to the name Virginia Surety on 6/4/03.
9. Thirty one policies were issued using the incorrect name.
10. Three of those also included the use of forms which had not been filed.

CONCLUSIONS OF LAW

1. By using rates which had not been filed the company violated RCW 48.19.040 which requires every insurer or rating organization to file with the commissioner every classification manual, manual of rules and rates, rating plan, rating schedule, minimum rate, class rate and rating rule . . .
2. By using rates which had not been filed, the company violated RCW 48.19.043 which requires all commercial property casualty rates to be filed with the commissioner within thirty days after an insurer issues any policy using them.
3. By issuing policies using an incorrect name the company violated RCW 48.05.190(1) which requires every insurer to conduct business in its own legal name.
4. By issuing policies using unfiled forms the company violated RCW 48.18.103(2) which, although [it](#) does allow property casualty policies to be issued prior to filing forms, it requires the forms be filed with the commissioner within thirty days after an insurer issues any policies using them.

CONSENT TO ORDER

NOW, THEREFORE, the companies consent to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's fine and such terms and conditions as are set forth below:

1. The company consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of this Order and waives further administrative or judicial challenge to the OIC's actions and related to the subject matter of the Order;
2. Within thirty days of the entry of this Order the company agrees to pay \$25,000 and not violate the provisions of the Washington State Insurance Code which are the subject of this Order for a two year period.
3. The OIC will not proceed against Virginia Surety's certificate should Virginia Surety commit isolated, de minimis violations of the statutes and that are the subject of this Consent Order during the suspense period, as determined by the OIC. Virginia Surety commits to rectifying such violations promptly once they are discovered.
4. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the company's certificate of authority and for recovery of the full [\\$25,000](#) fine [referenced herein](#).

EXECUTED this 21st day of February, 2005

VIRGINIA SURETY COMPANY, INC.

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Virginia Surety Company, Inc. is ordered to pay a fine in the amount of \$25,000. This fine is conditioned on the company agreeing to comply with the laws and regulations of the State of Washington which are the subject of this Order.
2. The company's failure to pay the fine within the time limit set forth above shall result in the revocation of its Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 1st day of March, 2005.

Mike Kreidler
Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney, Legal Affairs